

**MINUTES OF
MISSISSIPPI TORT CLAIMS BOARD
THURSDAY, MAY 11, 2017**

The Mississippi Tort Claims Board (Board) meeting was held at 1:30 p.m. in Room 138, Woolfolk State Office Building; 501 North West Street; Jackson, Mississippi.

The following members were present, constituting a quorum:

Edds, Steve; Chairman
Chaney, Mike; Insurance Commissioner
Graham, Jesse; Deputy State Treasurer, Representing Treasurer Lynn Fitch
Janous, Leigh; Deputy Attorney General, Representing Attorney General Jim Hood
Kelsey, Christina; Representing Insurance Commissioner Mike Chaney, MS Insurance
Department
Rikard, Gary; Executive Director, MS Department of Environmental Quality

Also present were:

Donaldson, Bruce; Tort Claims Board
Kelly, Trina; Tort Claims Board
Logan, Jim; Tort Claims Board
McElroy, Lea Ann; Tort Claims Board
Milner, Steve; Tort Claims Board
Rayburn, Amanda; Cannon Cochran Management Services, Inc.
Stephenson, Matt; Bickerstaff, Whatley, Ryan & Burkhalter
Tipton, Roy; Attorney General's Office
Wells, Teresa; Tort Claims Board
Wilson, Jeff; Trinity Capital
Younger, Jim; Department of Public Safety

The Chairman called the meeting to order.

Motion was made by Mrs. Kelsey to approve the minutes of the March 30, 2017, meeting. Mr. Rikard seconded the motion, which passed unanimously.

In Old Business, the Chairman briefly discussed Tim Farley's Liability Claims Audit Report. Mrs. McElroy and Mr. Donaldson also addressed some of the findings noted in the report. Ms. Janous made a motion to accept the report. Mrs. Kelsey seconded the motion, which carried. Because some of the findings involved lack of timely communication from defense attorneys, the Chairman asked the Attorney General's Office to work on a policy for removing an attorney from our Approved Defense Attorney List.

There was no New Business.

Mr. Logan presented financial report for fiscal year 2017 through April 30, 2017. Total expenses are just over \$3.9 million, leaving us with a General Fund balance of \$786,735. Claim reserves are just over \$8 million. Claim payments total just over \$2.3 million, and legal expenses total \$718,109. The Average Claim Paid for the period is just under \$4,000 and Average Reserve is just over \$19,000. Looking at the Budget Comparison Report, the important thing to note is that we have spent nearly 97% of our Contractual budget and just over 83% of our total budget with two months remaining in the fiscal year. As a note, all four budget reductions were taken from the Contractual category.

Mr. Wilson presented the investment report through April 2017. The portfolio has a book value just under \$13.3 million, with a market value of just over \$13.2 million. The book yield is just over 2%. The weighted average life of our portfolio is just under 2 years, and we have earned just over \$145,000 for the fiscal year. *[Commissioner Chaney entered the meeting.]* In the Performance Report, Mr. Wilson noted in the Investment Performance Comparison section that we continue to lag behind the index on an income basis, but we outperform the index on a total return basis. So our market values outperform the index. This is due mainly to the fact that we have kept the portfolio shorter than the index.

Mr. Milner provided members a report of his Loss Control activities since the last Board meeting, noting his post-tornado safety assessments in Holmes County and Montgomery County, hurricane drill at MEMA, and two recent fire drills with the Department of Environmental Quality.

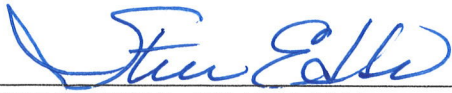
There was no Attorney General's Report.

Mrs. McElroy presented a list of 11 political subdivisions with the recommendation that all be approved for renewal of Certificates of Coverage. Commissioner Chaney made a motion to approve the list and Mr. Graham seconded the motion, which passed by unanimous vote.

Commissioner Chaney made a motion to enter a closed session to determine whether or not the Board should declare an Executive Session. Mr. Graham seconded the motion, which passed. Guests were excused from the meeting. Mr. Rikard made a motion to enter Executive Session for the purpose of discussing a claim settlement and potential litigation. Mr. Graham seconded the motion, which passed unanimously. Mr. Donaldson reviewed the claim of Morgan Herring against the Mississippi Department of Transportation with the Board. Following discussion, Mr. Rikard made a motion to approve settlement authority up to \$200,000. Commissioner Chaney seconded the motion, which passed unanimously. Commissioner Chaney then made a motion to exit Executive Session, which was seconded by Mr. Rikard. The motion passed and the open meeting resumed.

Mrs. McElroy made Board members aware of Dan Smith's boating accident and his injuries, and Mr. Tipton shared that he was the stand-in for Mr. Smith until his return.

There being no further business to come before the Board, the meeting was adjourned.



STEVE EDDS, CHAIRMAN

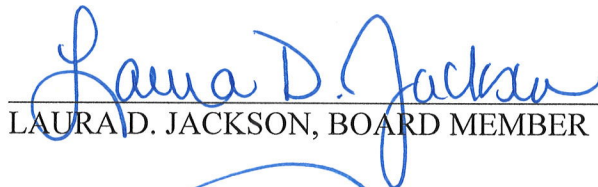


MIKE CHANEY, BOARD MEMBER



LYNN FITCH, BOARD MEMBER

JIM HOOD, BOARD MEMBER



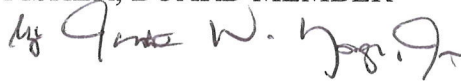
LAURA D. JACKSON, BOARD MEMBER



GARY RIKARD, BOARD MEMBER



MARSHALL FISHER, BOARD MEMBER



Mississippi Tort Claims Board
May 11, 2017 - 1:30pm
Conference Center North, Room 138
First Floor, Woolfolk Building
Jackson, Mississippi

ATTENDANCE LIST

<u>NAME</u>	<u>DEPARTMENT/COMPANY</u>
Steven M. Iner ✓	TCB
Jeff Wilson ✓	Trinity Capital
Matt Stephenson ✓	BWORB
John ✓	TCB
Lizbeth Gueche Genous for M. Sanford ✓	AGO
James Wells ✓	TCB
James W. Young ✓	MDPS
Bruce Donnellson ✓	TCB
Amanda Rayburn ✓	TCB
Chin Kelly ✓	TCB
Dung Pham ✓	MDEQ
R.M. Fyfe ✓	AG
Zsolt Kely ✓	MID
JEH ✓	Buller Snow
Sammy Cream ✓	MID
James Hahn ✓	OST

Mississippi Tort Claims Board
Thursday, May 11, 2017 – 1:30 P.M.

AGENDA

- I.** Approval of Minutes
 - A. March 30, 2017
- II.** Old Business
 - A. Audit Report
- III.** New Business
- IV.** Financial Reports
 - A. Financial Report – Jim Logan
 - B. Investment Report – Jeff Wilson
- V.** Loss Control – Steve Milner
- VI.** Attorney General’s Report – Lea Ann McElroy
- VII.** Certificates of Coverage – Lea Ann McElroy
- VIII.** Claims Report – Bruce Donaldson
 - A. Morgan Herring vs. Mississippi Department of Transportation
- IX.** Adjournment

Next meeting date and time: July 13, 2017 – 1:30 P.M.
Meeting location: Suite 138, Conference Center North, Woolfolk Building, Jackson, MS

**MINUTES OF
MISSISSIPPI TORT CLAIMS BOARD
THURSDAY, MARCH 30, 2017**

The Mississippi Tort Claims Board (Board) meeting was held at 1:30 p.m. in Room 138, Woolfolk State Office Building; 501 North West Street; Jackson, Mississippi.

The following members were present, constituting a quorum:

Edds, Steve; Chairman
Chaney, Mike; Insurance Commissioner
Fisher, Marshall; Commissioner of Public Safety
Fitch, Lynn; State Treasurer
Jackson, Laura; Executive Director, MS Department of Finance and Administration
Rikard, Gary; Executive Director, MS Department of Environmental Quality
Whitley, Onetta; Deputy Attorney General, Representing Attorney General Jim Hood

Also present were:

Donaldson, Bruce; Tort Claims Board
Eads, Jay; Attorney General's Office, Department of Public Safety
Gillard, Chris; Department of Public Safety
Graham, Jesse; Deputy State Treasurer
Kelly, Trina; Tort Claims Board
Kelsey, Christina; MS Insurance Department
Logan, Jim; Tort Claims Board
McElroy, Lea Ann; Tort Claims Board
Milner, Steve; Tort Claims Board
Rayburn, Amanda; Cannon Cochran Management Services, Inc.
Smith, Dan; Attorney General's Office
Wells, Teresa; Tort Claims Board
Wilson, Jeff; Trinity Capital
Younger, Jim; Department of Public Safety

The Chairman called the meeting to order.

Motion was made by Commissioner Chaney to approve the minutes of the January 12, 2017, meeting. Mrs. Jackson seconded the motion, which passed unanimously.

In Old Business, Mrs. McElroy provided a legislative update.

In New Business, Mrs. McElroy presented a recommendation to exercise the option to renew the contract with actuary Chris Burkhalter for one year after the current contract expires June 30, 2017. Commissioner Chaney moved to approve and Mrs. Jackson seconded. The motion passed unanimously.

Mr. Logan presented financial report for fiscal year 2017 through February 28, 2017. Total expenses are just over \$3.2 million. After taking the budget cuts ordered by the Governor in January and February, we are left with a General Fund balance of \$1.4 million. Claim payments total just over \$2.1 million, and legal expenses total \$513,718. The Average Claim Paid for the period is just over \$4,000 and Average Reserve is just over \$18,000. Looking at the Budget Comparison Report, the important thing to note is that we have spent nearly 70% of our Subsidies budget and just under 70% of our total budget when we're only two-thirds of the way through the fiscal year. As a note, all budget cuts were taken from the Contractual category.

Mr. Wilson presented the investment report through February 2017. The portfolio has a book value just over \$13.25 million, with an internal rate of return that is up to 1.1% and a book yield just under 2%. The weighted average life of our portfolio is 2.7 years, which we will reassess in August. We are earning just under \$120,000 for the calendar year, with just under \$40,000 in interest.

Mr. Milner provided members a report of his Loss Control activities since the last Board meeting, noting his post-tornado safety assessments in Hattiesburg and emergency support with MEMA and the Department of Health.

Mrs. McElroy presented three (3) attorneys for inclusion on the approved Attorney Register: Peter C. Abide of Currie Johnson & Myers, P.A. in Biloxi; Arthur H. Calderon of Carr Calderon, PLLC in Cleveland; and David E. Stovall of Wilkins, Patterson, Smith, Pumphrey & Doty, P.A. in Jackson. All meet the eligibility requirements of the Board and staff recommends approval. Mrs. Jackson moved to approve and Commissioner Chaney seconded. The motion passed unanimously.

Mrs. McElroy presented a list of 26 political subdivisions with the recommendation that all be approved for renewal of Certificates of Coverage. Mrs. Jackson made a motion to approve the list and Commissioner Chaney seconded the motion, which passed by unanimous vote.

For the Claims Report, Mrs. McElroy provided the Board information regarding the denial of a claim for Diamond Lemon, who was involved in an automobile accident with Trooper Rodney Williams at the Ray of Hope daycare in Grenada. Commissioner Fisher spoke to members regarding his request for reconsideration of the claim. Following discussion, Commissioner Chaney made a motion to pay the claim. State Treasurer Lynn Fitch seconded the motion, which carried.

There being no further business to come before the Board, the meeting was adjourned.



STEVE EDDS, CHAIRMAN



MIKE CHANEY, BOARD MEMBER



LYNN FITCH, BOARD MEMBER



on behalf of M. Sanford

JIM HOOD, BOARD MEMBER

LAURA D. JACKSON, BOARD MEMBER



GARY RIKARD, BOARD MEMBER

MARSHALL FISHER, BOARD MEMBER



April 20, 2017

Ms. Lea Ann McElroy, Administrator
Mississippi Tort Claims Board
501 N. West Street, Suite 1301
Jackson, Mississippi 39201

by email: leaann.mcelroy@dfa.ms.gov

Liability Claims Audit Report – 2017

Dear Ms. McElroy:

Enclosed is the report of the recent audit of liability claims for the State of Mississippi Tort Claims Board (the Board).

Thank you again for allowing FMI to provide audit services to the Board.

Sincerely,

A handwritten signature in cursive script, reading "Tim Farley".

Timothy P. Farley, CPCU
President

Encl.

Liability Claims Audit – 2017

State of Mississippi Tort Claims Board



April 20, 2019

FMI

**FARLEY
MANAGEMENT, INC.**

3753 Howard Hughes Parkway, Suite 200
Las Vegas, NV 89169-0952
Cell: 760.533.3439 ~ Fax: 760.722.1760
farleyconsulting@cox.net

**An Independent Claims Management
Consulting Firm**



April 20, 2017

The State of Mississippi
Tort Claims Board
501 N. West Street, Suite 1301
Jackson, Mississippi 39201

Attn: Ms. Lea Ann McElroy
Administrator

Liability Claims Audit – 2017

This report summarizes the results of an audit of general liability and minor property claims for the Mississippi Tort Claims Board (the Board). FMI reviewed 71 claims. Fifty of these claims were reviewed at the Ridgeland office of Cannon Cochran Management Services, Inc. (CCMSI). Another 21 claims were reviewed at the Board office in Jackson.

The audit was conducted March 15, 2017 through March 22, 2017. The audit includes:

1. The evaluation of the effectiveness of claims handling practices at CCMSI and the Board office.
2. Interviews and discussions with:
 - Mr. John Burns and Ms. Lisa Wells at CCMSI. An exit discussion of audit findings was conducted with these individuals via teleconference on 3/28/17.
 - Mr. Bruce Donaldson, Claims Manager, and Ms. Lea Ann McElroy, Tort Administrator, at the Tort Claims Board office. The exit discussion with Tort Claims staff occurred while still on site.

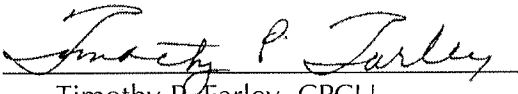
The exit discussions presented all findings and included requests that each handling entity provide a rebuttal to these findings. Those rebuttals were received and considered prior to the creation and submission of this report.

3. The acknowledgement that CCMSI is responsible for the handling of higher exposure property and tort liability claims, including all investigation related to those claims. Mr. Donaldson monitors and directs all litigation on Board claims. He is also responsible for establishing legal defense reserves, reviewing and paying legal bills. This is discussed in more detail later in this report.

FMI appreciates the opportunity to complete this important project for the Board.

Respectfully submitted,

FARLEY MANAGEMENT, INC.

by 
Timothy P. Farley, CPCU
President

Contents

I.	Executive Summary	1
II.	Audit Results	3
A.	Background	3
B.	Current Staffing and Caseloads	3
C.	Claims Handling Analysis.....	5

Exhibits

Exhibit 1	– Organizational Structure	4
Exhibit 2	– Case Reserve Analysis	6
Exhibit 3	– Tort Claims Investigation Analysis.....	8
Exhibit 4	– Claim Documentation Information System Analysis.....	11

I. Executive Summary

The audit of 71 liability and minor property damage claims for the Board reveals that claims administration is effective. Significant improvement in the key area of diary maintenance is noted. Also, the efficiency of the litigation management process has improved, but the legal reserve accuracy deficiency at CCMSI first identified in the 2014 audit persists. This is discussed in more detail later in this report.

FMI makes the following observations and recommendations based on this audit:

1. CCMSI is adequately staffed to handle Board liability claims. One adjuster has been added since the prior audit. Two of the claims handling staff were also involved with the account during the prior audit. This continuity ensures the consistent, competent administration of claims observed. Exhibit 1 on page 4 displays the organizational make-up at CCMSI and the Board.

CCMSI supervisory staff and adjusters have the requisite experience for public entity liability claims.
2. The Tort Claims staff has not changed since the prior audit. That same consistency is also evident when reviewing claims at the Tort Claims office.
3. CCMSI is maintaining accurate reserves on the claims reviewed, but there are some inaccuracies in its recording of legal reserves. This audit concludes that it may be the result of incomplete information on the actual reserve from the Board claims department. This is discussed in more detail in the reserve category of this report.

Four claims on the CCMSI loss run are not accurate. Those claims are discussed in Exhibit 2 on page 6.

No reserving deficiencies were identified at the Board office. Discussions with Mr. Donaldson confirmed that legal expense reserves documented in the Board claims information system actually represent the sum of case reserves for a 3-year period. For example, if the information system listed a \$75,000 reserve, the actual fiscal impact for the current year was only \$25,000. FMI took this clarification into consideration when assessing legal expense reserve accuracy.

4. Investigation is thorough. Still, two claims administered by CCMSI exhibit deficiencies. Those claims are listed and discussed in Exhibit 3 on page 8.
5. Litigation management is effective. Mr. Donaldson is responsible for all litigation management activity. Two claims lack timely communication from defense counsel to Mr. Donaldson. Those claims are discussed on page 9.

6. CCMSI is maintaining an effective diary policy on all claims reviewed. Only one claim exhibits deficiencies. That claim is discussed on page 9.
7. Settlements on Board claims are logical. The resolution of all claims is supported by a clear and accurate assessment of the likely exposure to the Board. No settlement deficiencies are identified. This was a conclusion in the 2014 audit report as well.
8. Documentation of claim activity is thorough on the two Board claims management information systems. Three of the claims reviewed at CCMSI exhibit some deficiencies. Those claims are discussed in more detail in Exhibit 4 on page 11.

The Board's use of two separate claims systems generated a suggestion for consolidation in the 2014 report. FMI reiterates that suggestion. It is noted that the systems are relatively easy to negotiate, but the possibility of inconsistent data between the systems would be eliminated with consolidation.

9. Supervisory instructional input is thorough and clearly documented at CCMSI and the Board.

These and other elements of the audit are discussed in more detail in the remainder of this report.

II. Audit Results

A. Background

The Board seeks a comprehensive review of all elements of the administration of property and liability claims presented against the State of Mississippi. This audit assesses the level of performance at CCMSI and the Tort Claims Board. The project seeks to analyze the degree to which each entity is complying with accepted industry claims handling practices.

This project follows a prior similar analysis of Tort Claims Board claims conducted in December 2014.

A list of the claims reviewed appears in the Appendix to this report.

B. Current Staffing and Caseloads

CCMSI

CCMSI is adequately staffed to handle Board claims. Exhibit 1 displays the make-up of the CCMSI unit devoted to Board claims. The caseloads are reasonable. It is also worth noting that CCMSI has added staff since the 2014 audit. The consistency of the prior staff is invaluable, and the inclusion of Mr. Tupman has reduced the caseload level of the other two adjustors to acceptable levels. All three adjustors have the requisite claims administration experience.

Tort Claims Board Office

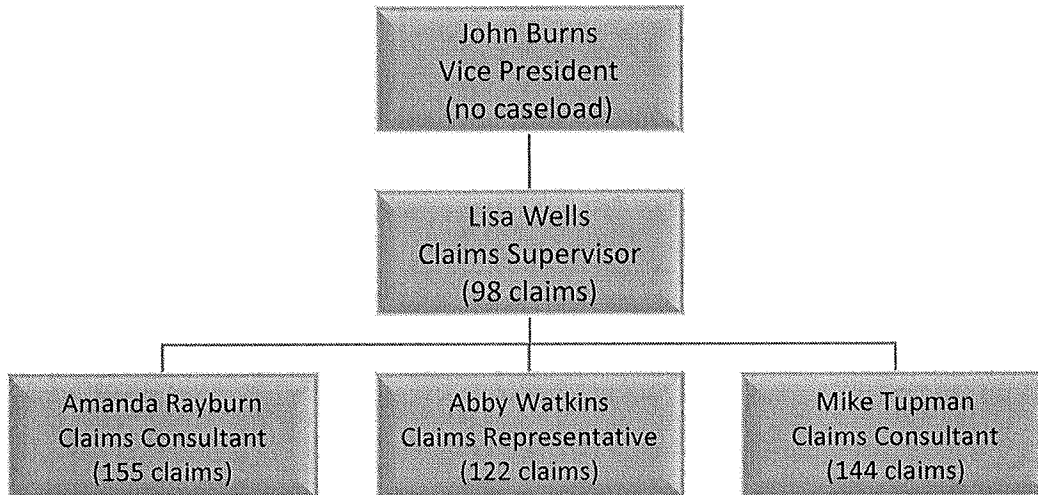
Personnel at the Board office includes Mr. Donaldson and one adjustor:

- Teresa Wells, Claims Officer

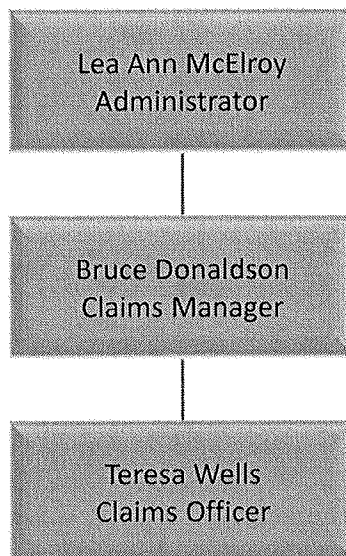
Both individuals at the Board office are maintaining reasonable caseloads and have the requisite public entity claims administration experience.

Exhibit 1 – Organizational Structure

CCMSI



Tort Claims Board



C. Claims Handling Analysis

The claims reviewed at CCMSI were chosen from a loss run sent by CCMSI electronically. FMI selected the claims and provided that list to CCMSI roughly two weeks prior to the on-site review. Claims reviewed at the Board office were also selected from a spreadsheet provided electronically by the Board. That list was sent to the Board about one week prior to the on-site visit.

1. Case Reserve Accuracy

Board claim reserves are based on:

- Extent of liability attributable to the Board.
- Extent of damages (bodily injury and/or property damage).
- Existence of immunities or defenses applicable to the Board.
- Incorporation of relevant Mississippi tort liability caps.
- Anticipated legal expenses.
- Settlement trends of venues where the losses occur.
- Injury history information of the claimant to identify other non-related causes of injuries.

CCMSI is establishing and maintaining accurate case reserves on the claims it handles. Discussions with CCMSI staff and Mr. Donaldson confirm that CCMSI is not responsible for establishing and maintaining legal expense reserves. FMI concludes this has generated a deficiency, as three of the four claims listed and discussed in Exhibit 2 seem to be the result of incomplete communication from the Board staff to CCMSI.

The review of Board claims initially identified several claims that seemed to have excessive legal expense reserves. Mr. Donaldson confirmed that the legal reserves documented in the Board's CSStars claims information system actually represented the sum of case reserves for a three-year period. So, for example, if the information system listed a \$75,000 reserve, the actual fiscal impact for the current year was only \$25,000. The Board advised that this methodology is used only for the legal expense reserving category. FMI took this clarification into consideration when assessing reserve accuracy on all litigated claims reviewed.

The methodology is based on the Board's execution of three-year service agreements with its representative counsels.

The Board is taking these and other factors into consideration when establishing and amending reserves. No case reserve deficiencies are identified at the Board.

Exhibit 2 – Case Reserve Analysis

Claim No.	Current Outstanding Reserve	Recommended Outstanding Reserve	Comments
01S26L186038	\$12,555 (legal expense)	\$0 (legal expense)	This claim maintains a cumulative reserve for ALL minor windshield claims presented against the state. These claims are extremely minor and should generate no legal action. This reserve was established at the Tort Board office.
13S26C975475	\$0 (property damage)	\$2,000 (property damage)	Claim activity notes indicate an agreed settlement of \$1,144 plus any car rental costs in property damage has been reached.
15S26G567361	\$1,000 (bodily injury)	\$401,000 (bodily injury)	There is an associate claim that involves a fatality. The larger reserve was inadvertently established on this claim, then removed and placed of the fatality claim. Reserves were established and monitored at the Tort Board office.
16S26G969900	\$2,350 (bodily injury)	\$0 (bodily injury)	This claim was settled and paid in January 2017. An executed release is documented. There should be no remaining reserve and the claim should be closed.

2. Investigation

Thorough investigation of Board property and general liability claims requires the following activity:

- Making prompt contact with the injured parties or their representative.
- Verifying that the injury is related to the incident.
- Canvassing for possible witnesses to the incident.
- Obtaining recorded or written statements regarding the incident from the claimant or witnesses when possible.
- Obtaining photographs of accident scenes or instruments causing injury when applicable.
- Follow-up contact with medical providers and attorneys to gain a clear understanding of the severity of the injury.
- Obtaining and analyzing property damage estimates.
- Obtaining police accident reports, if applicable.
- Identifying additional tortfeasors to transfer liability away from the Board.
- Consideration of the relevant Mississippi tort cap.
- Invocation of immunities and defenses unique to Mississippi governmental agencies.

CCMSI is conducting thorough investigation of Board claims. Two claims lack the clear documentation of important investigatory material. Exhibit 3 lists and discusses those claims.

Subrogation

Five of the claims reviewed involved instances where another party was deemed responsible for the loss sustained by the Board. CCMSI pursued the responsible party aggressively in all instances.

Exhibit 3 – Tort Claims Investigation Analysis

Claim No.	Discussion
16S26G635714	This is a questionable claim resulting from a motor vehicle accident. The claimed injury may be exaggerated. Claim material documents no photographs of the claimant's vehicle. CCMSI confirmed that photos were taken, but were not documented to the BI material.
16S26G851771	There are photographs documented to this motor vehicle accident claim, but those photographs give no perspective. No description of the significance of the photos is provided. CCSMI indicated these photos were obtained from the Department of Public Safety.

3. Litigation Management

When evaluating this category, FMI:

- Confirmed that cases are referred to defense counsel timely.
- Evaluated whether the Board simply defers all responsibility to the attorney once it is referred or continues to closely monitor all defense activity.
- Confirmed that defense counsel is providing timely and informative status updates to the Board.
- Evaluated the timeliness and reasonableness of legal defense payments.
- Litigation management is handled by Mr. Donaldson, the Board Claims Manager. All referrals are assigned by him. Legal expense reserves and payments are monitored by him utilizing the three-year established value of \$75,000 per litigated case. CCMSI's only involvement is the payment of approved legal expenses.

Forty-four of the 71 claims reviewed involved some element of litigation. Cases are referred to counsel timely in all instances. Two litigated claim reviewed lack timely status updates from defense counsel to the Mr. Donaldson:

- 15S26E847918 – This claim was referred to counsel on 1/17/17. As of the day of this review, no initial evaluation had been provided. These are routinely due within 30 days of assignment.
- 13S26E110189 – This claim was assigned to counsel on 2/10/17. Claim documentation reveals no legal communication since that assignment.

4. Diary/File Closure

Industry standards dictate that all active general liability and property claims should be reviewed at least every 45 days.

CCMSI is maintaining a timely and compliant diary in, but one instance:

- 16S26G969900 – This claim was also discussed in the Reserve Accuracy section of this report. The claim should have been closed immediately after receipt of the executed release. CCMSI asserts that they are not able to close a claim until all associated claims are closed. It is unclear which claim still exists, as the release clearly indicates the settlement is "total-all related claim." There is some documentation pertaining to an outstanding medical lien, but this seems irrelevant based on the claimant's signature on the release.

Diary activity at the Tort Claims office has improved significantly since the 2014 audit. No diary maintenance deficiencies are identified.

5. Claim Data Organization and Information System Clarity

All material viewed to assess performance for both entities was obtained via access to the respective claims management information systems of CCMSI and the Board:

- CCMSI – ICE claims management
- Board – CSStars and iSynergy

CCMSI's system is efficiently capturing and documenting vital claims administration activity. No documentation clarity issues are identified at CCMSI.

The Board's use of two systems was identified as inefficient in the prior audit. Those systems are still being used. FMI was able to access all necessary data, but the Board should still consider consolidating its claims management function into one software system.

Three claims, listed and discussed in Exhibit 4, provide examples of the system deficiencies.

6. Supervision

Supervisory instructional activity is seen consistently at CCMSI (Ms. Wells) and the Board (Mr. Donaldson). No supervisory deficiencies are identified for either entity.

Exhibit 4 – Claim Documentation Information System Analysis

Claim No.	Discussion
08S26A485326	There is little explanation or rationalization for the current reserves on this claim. FMI concludes that CCMSI may not be privy to the factors that were considered when the reserves were established at the Tort Claims Board office.
13S26C702497	CCMSI's loss run shows a bodily injury reserve of \$200,000. The most recent reserve worksheet dated 2/1/17 shows a \$390,000 reserve. It appears the reserve was reduced by Tort Claims Board staff and that rationale was not incorporated into the CCMSI system.
15S26G567361	CCMSI's loss run shows a \$1,000 bodily injury reserve. The most recent reserve worksheet shows an increase to \$401,000. Then the reserve seems to have been reduced to the original amount. CCMSI explained that the higher reserve was inadvertently placed on another associated claim with a much lower exposure and then corrected.

Appendix

Audit Claims Lists

Claims Files – CCMSI

Claimant	Claim No.
1. Adams Estate of, Christopher	10S26C033060
2. Alston, Jason	16S26G847705
3. Attaway, Kristen	17S26F002797
4. Bailey, Ronald	13S26C975475
5. Barnes, Robert	16S26G906020
6. Bassie, Laura	16S26G946015
7. Blissett, Haley	16S26G635714
8. Blouin Estate of, Alexander	13S26E148338
9. Boykin, Zarrin	16S26G969900
10. Butler, Aimeshia	16S26G989030
11. Butler, Carla	15S26E847918
12. Ciullo, Mickey	16S26G941582
13. Craft Funeral Home	16S26G838899
14. Cruz, Samantha	16S26F023815
15. Delk, William	15S26G847712
16. Dennis, Triplett	16S26G809853
17. Dillon, Georgia	16S26G838892
18. Douglass, Mary	16S26G688694
19. Douglass, Maxwell	16S26G688688
20. Easterwood, Cecilia	17S26G988895
21. Estate of Juniper Trice	16S26F016079
22. GA Transport Inc	16S26G690972
23. Gaddis, Dwayne	16S26G977532
24. Gardo, Tanner	16S26G725414
25. Gatlin (Estate of), Marquita	13S26E110189

Claimant	Claim No.
26. Gill, Thelma	14S26E554003
27. Grice, Timothy	10S26B453692
28. Harper Estate of, Laura	08S26A485326
29. Herring, Morgan	16S26G809245
30. HODGE, LUVENIA	16S26G770173
31. Holland, Cynthia	15S26G234836
32. Hughes, Marvin	15S26G302554
33. Hunter, Henry	15S26E766920
34. Ivy, Charlene	13S26C702497
35. Lee, Eric	16S26F028059
36. Martin, Jeffrey	11S26C282452
37. McDavid, Donald	16S26G851771
38. McKee, Tommie	12S26C186979
39. MORIN, GEORGIA	11S26C322631
40. Nilges, Jeremy	15S26G567361
41. Peacock, Larry	16S26G683700
42. Pierce, Ashley	16S26G892810
43. Pollard, Lasandra	15S26G747451
44. Robinson, Estate of Rodney	16S26G983296
45. Taylor, James	13S26E169776
46. Terrebone, Tracy	16S26G635231
47. Triplett, Dennis	16S26G809851
48. Wash, Trucking	09S26A966529
49. Webb, Shane	09S26B127540
50. Windshield, tort	01S26L186038

Claims Files – Tort Claims Board

Claimant	Claim No.
1. Adams, Christopher	2012-0000542
2. Adams, Christopher	2012-0000542
3. Alexander, Jennifer	2017-0000595
4. Blouin, Alex	2014-0000678
5. Cannette, Jayne	2017-0000597
6. Davis, Chakakahn	2013-0000493
7. Gill, Thelma	2015-0000424
8. Grice, Timothy	2011-0000607
9. Harper, Laura	2090-000606001
10. Herring, Morgan	2017-0000062
11. K.C.B.	2017-0000580

Claimant	Claim No.
12. King, Cindy	2016-0000966
13. Martin, Jeff	2013-0000172
14. Metten, Robert	2017-0000311
15. Moore, Kevin	2017-0000567
16. Morin, Georgia	2013-0000339
17. Pellerin, Matthew	2017-0000593
18. Stubbs, Johnny	2012-0000231
19. Webb, Shane	2010-0000485
20. Wood, Opal	2016-0000951
21. Young, Esther	2017-0000566

MISSISSIPPI TORT CLAIMS BOARD
Combined Financial Report - Fiscal Year 2017
General Fund 2208000000

	March	April	Year-To-Date
GENERAL FUND EXPENSES:			
Claim Losses - TCB only	8,208.43	9,669.16	103,792.40
Legal Expenses - TCB only	58,759.14	145,631.39	718,108.86
Other Expenses - TCB only	0.00	0.00	0.00
Administrative Expenses Paid	110,189.62	55,849.15	832,435.34
Transfer of Funds - Out to TPA	250,000.00	0.00	2,250,000.00
Total Expenses	\$ 427,157.19	\$ 211,149.70	\$ 3,904,336.60
GENERAL FUND BALANCE:			
Beginning Balance	\$ 1,447,581.29	\$ 997,885.10	
Expenses	(427,157.19)	(211,149.70)	
Adjustment (Budget Reduction)	(22,539.00)		
Total General Fund Balance	\$ 997,885.10	\$ 786,735.40	
Less Reserves	\$ 8,195,398.49	\$ 8,182,218.19	
General Fund less Reserves	\$ (7,197,513.39)	\$ (7,395,482.79)	

-----CLAIMS/RESERVES DETAIL (Year-To-Date)-----

	Tort Board	Mgt. Services	TOTAL
Claims - Payments	\$ 103,792.40	\$ 2,209,644.85	\$ 2,313,437.25
Claims - Legal Expenses	718,108.86	-	718,108.86
Claims - Other Expenses	-	13,733.50	13,733.50
Total Paid Out to Date	\$ 821,901.26	\$ 2,223,378.35	\$ 3,045,279.61
OUTSTANDING RESERVES	441,098.89	7,741,119.30	8,182,218.19
Total Claims & Reserves	\$ 1,263,000.15	\$ 9,964,497.65	11,227,497.80
Number of Claims Created	366	342	708
Number of Claims Paid	245	349	594
Total Open Claims	136	284	420
AVG. CLAIM \$ / # CLAIMS PAID	\$423.64	\$6,331.36	\$ 3,894.68
AVG. RESERVE / OPEN CLAIMS	\$3,243.37	\$27,257.46	\$ 19,481.47

NOTE: Information represents combined operations for General Fund 2208000000 and the Trustmark account (utilized by CCMSI).

MISSISSIPPI TORT CLAIMS BOARD

Budget Comparison Report

General Fund 2208000000

Fiscal Year 2017

Expenses:	Total Budget	March 2017	April 2017	Year To Date Expenditures	Ending Balance	Percent Expended
A1-Salaries	\$ 560,000.00	\$ 46,165.82	\$ 46,165.43	\$ 462,250.49	\$ 97,749.51	82.54%
A2-Travel	4,000.00	0.00	0.00	2,089.95	1,910.05	52.25%
B-Contractual	1,118,128.00	122,334.93	155,086.28	1,082,873.71	35,254.29	96.85%
C-Commodities	7,000.00	448.01	228.83	3,330.05	3,669.95	47.57%
D2-Capital Outlay	1,500.00	0.00	0.00	0.00	1,500.00	0.00%
E-Subsidies	3,000,444.00	258,208.43	9,669.16	2,353,792.40	646,651.60	78.45%
SUBTOTAL	<u>\$ 4,691,072.00</u>	<u>\$ 427,157.19</u>	<u>\$ 211,149.70</u>	<u>\$ 3,904,336.60</u>	<u>\$ 786,735.40</u>	<u>83.23%</u>
TPA Expended		<u>45,932.42</u>	<u>77,908.75</u>	<u>2,223,378.35</u>		
TOTAL Combined		<u>\$ 473,089.61</u>	<u>\$ 289,058.45</u>	<u>\$ 6,127,714.95</u>		

TRINITY

TRINITY CAPITAL INVESTORS

May 4, 2017

Ms. Lea Ann McElroy
Mississippi Tort Claims Board
P O Box 267
Jackson, MS 39205-0267

Re: April 2017 Portfolio Highlights

Total Portfolio	Book Value	\$13,295,334
	Market Value	\$13,202,088
FY 2017 Internal Rate of Return		1.334%
Current Portfolio Book Yield		2.03%
Market Yield		2.06%
Weighted Average Life		Approximately 1.9 years
FY 2017 Earnings		145,498
Accrued Interest		54,855

PERFORMANCE REPORT
State of Mississippi Tort Claims

FISCAL 2017
April 2017

Portfolio Market Value June 30, 2016	13,151,507
Contributions	
Withdrawals	
Realized Gains	
Unrealized Gains	-93,246
Interest / Dividends	145,498
Portfolio Market Value April 30, 2017	13,202,088
accrued interest	54,855
Average Capital	13,131,017
Total Gain	145,498
FY 2017 IRR	1.33% *
FY 2017 Total Return	0.41%
Current Portfolio Yield	2.03%

Investment Performance Comparison

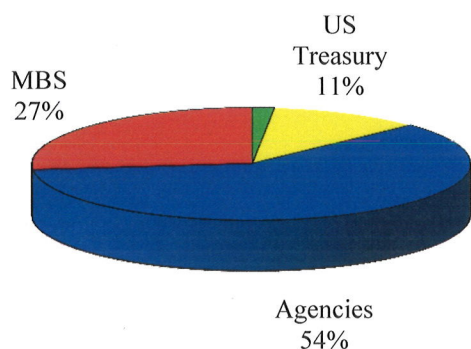
	IRR	TRA
Account	1.334%	0.41%
Custom Index	2.55%	-0.58%

* Weighted Average Life of portfolio is 1.9 year

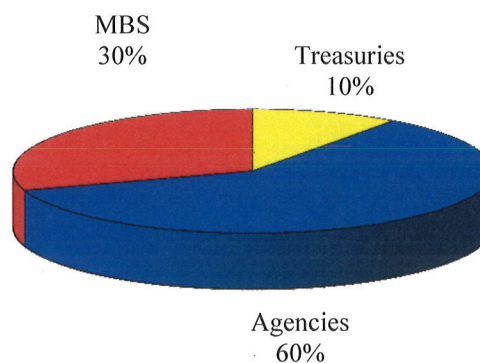
Portfolio Composition
April 2017

Security Type	Current 4/30/2017	Current Mix	Target 6/30/2017	Goal Mix
Cash/ Liquidity	215	2%	0	0%
US Treasury	1,500	11%	1,326	10%
Agencies	7,975	60%	7,956	60%
Bullet Maturities	1,250	16%	1,591	20%
Callables	6,725	84%	6,365	80%
Floater	0	0%	0	0%
MBS	3,524	27%	3,978	30%
Floater	492	14%	1,591	40%
CMO	3,032	86%	2,387	60%
Pass Through		0%	0	0%
Municipals	0	0%	0	0%
Taxable		0%	0	100%
Tax Free		0%	0	0%
TOTAL	13,214	100%	13,260	100%

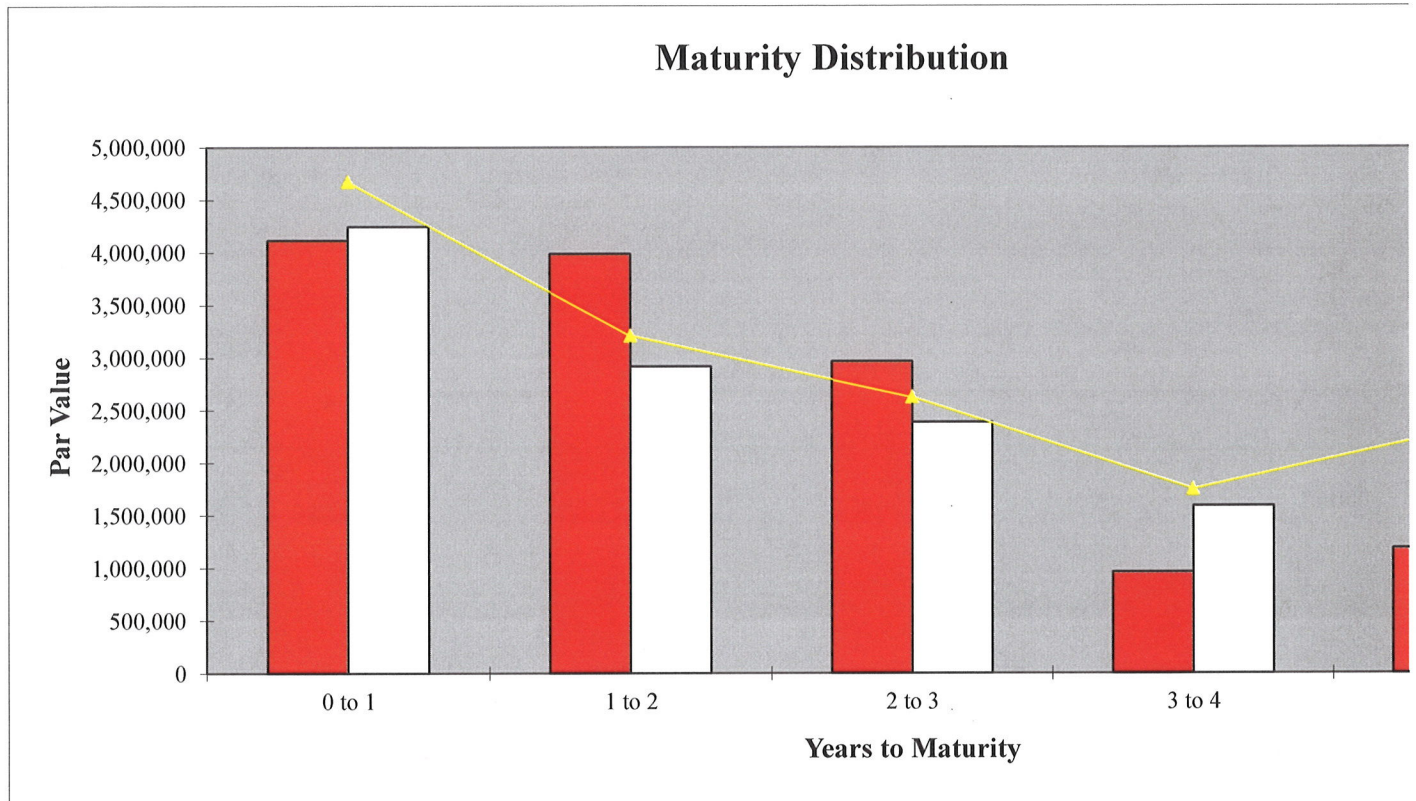
**Security by Type
(Actual)**



**Security by Type
(Goal)**



Years to Maturity	0 to 1	1 to 2	2 to 3	3 to 4	4 to 5+	TOTAL	W
Actual Par Value	4,115,010	3,985,185	2,964,581	962,354	1,187,487	13,214,617	
Target Value June '17	4,243,200	2,917,200	2,386,800	1,591,200	2,121,600	13,260,000	
Claims & IBNR a/o June '15	4,672,000	3,212,000	2,628,000	1,752,000	2,336,000	14,600,000	



**State of Mississippi
Tort Claims**



STATE OF MISSISSIPPI
GOVERNOR PHIL BRYANT

MISSISSIPPI TORT CLAIMS BOARD
STEPHEN C. EDDS, CHAIRMAN

MIKE CHANEY, Commissioner
Insurance Department
MARSHALL L. FISHER, Commissioner
Department of Public Safety
LYNN FITCH, Treasurer
Department of Treasury

JIM HOOD, Attorney General
Office of Attorney General
LAURA D. JACKSON, Executive Director
Department of Finance and Administration
GARY RIKARD, Executive Director
Department of Environmental Quality

MEMORANDUM

TO: Mississippi Tort Claims Board
FROM: Steve Milner
DATE: May 11, 2017
RE: Loss Control Report

Since the last Board Meeting, loss control services for the Tort Claims Board include:

- 9 State Property Inspections
- 1 Defensive Driving Class
- 3 Ride a Longs
- 1 Accident Investigation
- 2 Post Tornado Safety Assessments
- 1 Hurricane Drill
- 1 Risk Management Consultation



STATE OF MISSISSIPPI
GOVERNOR PHIL BRYANT

MISSISSIPPI TORT CLAIMS BOARD
STEPHEN C. EDDS, CHAIRMAN

MIKE CHANEY, Commissioner
Insurance Department
MARSHALL L. FISHER, Commissioner
Department of Public Safety
LYNN FITCH, Treasurer
Department of Treasury

JIM HOOD, Attorney General
Office of Attorney General
LAURA D. JACKSON, Executive Director
Department of Finance and Administration
GARY RIKARD, Executive Director
Department of Environmental Quality

MEMORANDUM

TO: Mississippi Tort Claims Board
FROM: Lea Ann McElroy
DATE: May 11, 2017
RE: Political Subdivisions – Certificates of Coverage

RECOMMENDATION: Staff recommends approval of 11 political subdivisions shown on attached list.

MISSISSIPPI TORT CLAIMS BOARD

Thursday, May 11, 2017

Political Subdivisions Recommended for Renewal of Certificate of Coverage

Carroll County Fire Department
Fairhaven Fire Department
Forest Fire Department
GT&Y Utility District
Jackson County Utility Authority
Oktoberfest County Central Drainage District
Region I Mental Health Center
Sharkey-Issaquena Community Hospital
Smith County Fire Department
Southwest Madison Fire District
Winston County Volunteer Fire Department

Total 11